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Poland

Poultry and Products

Annual

2002

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Report Highlights:

Poultry meat imports and exports increased in 2001 although U.S. poultry meat lost market share to the EU as a result of preferential access for EU products.

Meanwhile, Poland is expected to reach its sixth consecutive record chicken meat production level in 2002, more than doubling production since 1996. Market access for U.S. poultry could end prior to EU accession which the Polish government hopes to achieve by 2004 but transshipments to Eastern European markets may continue.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Warsaw [PL1], PL

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I. Situation and Outlook

Poultry, Meat, Broiler

Production:

Production of broiler chickens is expected to reach its sixth consecutive record level in 2002 due to cheap feed and growing consumption of poultry meat; production more than doubled since 1996. After an estimated 15 percent growth in the first six months of 2002, chicken broiler production is expected to stabilize in the second half of 2002 due to reduced producer prices. Output in 2003 is projected to slightly surpass 2002 record production but the rapid pace of growth will slow due to declining profitability. Feed costs are expected to remain stable in the second half of 2002 and the first six months of 2003; an estimated four percent decrease in the domestic grain crop this year will be offset by high grain stocks from last year.

In 2001, over 90 percent of Poland's poultry meat was produced in what are considered in Poland as large commercial facilities (produce 2,000 to 20,000 tons of chicken meat per year). The remainder came from smaller less intensive household flocks. Of poultry produced on commercial farms, 73 percent were broiler chickens, 23 percent turkey and 3 percent water fowl (geese and ducks). Most of the large poultry slaughterhouses maintain facilities for further processing of chicken and turkey meat for sausages and smoked products. Over 70 percent of domestic broiler production is processed by 30 large slaughterhouses. Most large slaughterhouses have their own distribution systems, and sell directly to retail outlets or supermarkets rather than wholesalers.

There are no fully integrated poultry production operations. There are only a few partially integrated companies since some processing companies also own feed mills. There is limited U.S., German, and Spanish foreign investment in a few poultry meat processing facilities. There are currently 36 Polish processing plants eligible for export to the EU.

Consumption

Growth of poultry meat consumption stems primarily from relatively lower prices of poultry meat compared with red meats. In 2001, the average per capita consumption of poultry meat amounted to 16.5 kilograms - a significant increase from 14.3 kilograms in 2000. Strong consumer demand for poultry meat partially is a result of the concerns with beef aggravated by Poland's first confirmed BSE case in May 2002. It is expected that decreasing pork prices in 2002 will reduce substitution of pork by poultry meat and affect demand for poultry meat in 2003. Nevertheless, consumption of chicken and turkey meat continue to grow as Poles become more health conscious and substitute poultry for other meats. The growing number of fast food restaurants also has stimulated demand for poultry meat.

Trade

-Exports

In 2001, exports of chicken meat and products grew by over 30 percent mostly because of increased exports to EU member states. Higher exports to the EU compensated for decreased sales to Eastern European markets. Increasing exports to the EU resulted from introduction of a zero tariff 36,000 ton import quota for poultry meat

and poultry meat products beginning January 1, 2001. In 2001, 90 percent of this quota for poultry meat exports to the EU was utilized in the form of chicken, goose, duck, and turkey meat. Duty free access to the EU stimulated higher export prices which rose from \$2.61 per kilogram to \$3.05 for frozen chicken parts.

-Imports

Total 2001 imports of chicken meat increased by 35 percent because of higher imports from the EU. As a part of the Poland - EU pre-accession agreement, Poland established in March 2001 a 21,000 ton duty free import quota for poultry meat from the EU. This elimination of tariffs for the EU and the relatively low exchange rate of the Euro versus the Polish zloty resulted in a significant increase of imports of poultry meat from the EU at the expense of imports from the United States. As a result, imports of poultry meat from the U.S. dropped by over 50 percent in 2001. It is forecast that imports from the U.S. will continue to decline in 2003 while imports from the EU will increase. However, growing output in the first half of 2002 and a higher exchange rate of the Euro versus the Polish zloty, expected in the second half of 2002, may reduce profitability of imports of chicken meat from the EU in the second half of this year and lead to lower imports in 2003.

It is expected that Poland will accede to the European Union in 2004. If Poland succeeds in its efforts to become an EU member by 2004, imports of U.S. poultry meat will be blocked entry unless the U.S. and the EU can resolve the dispute regarding U.S. poultry meat access to the EU. (See "Poultry Meat Policy" for further information).

Poland is a major transshipment point for U.S. poultry meat shipments to Belarus, Ukraine and Moldova. Trade sources indicate that recent annual average transshipments range from 60,000 to 80,000 tons per year. For 2002, transshipments are expected to total approximately 70,000 - 80,000 tons. The difference between trade figures as noted in the "Old" and "New" columns in this report's PS&Ds is likely a result of addition of transshipments under the "Old" column trade figures versus the "New" column figures which only reflect official Polish import statistics.

Turkey Meat

Production

Turkey meat production is expected to continue to grow in 2002 and 2003 to record levels. It is estimated that over the last two years turkey meat production rose 44 percent. In 2001 the Institute of Rural Economics revised up estimates of turkey meat production in 2000 to 115,000 tons. (Note: There are no official data on turkey meat production and estimates have to be made on the basis of industry sources and the Institute of Rural Economics).

Most turkey meat produced in Poland is processed and turkey is often used in place of pork in sausages. Compared with other meats, there is no tradition of fresh turkey meat consumption. However, consumption has begun to increase as prices of fresh and frozen turkey (imported) become more competitive and as Poles perceive it as a healthier product.

Trade

Imports

For the first time ever in 2001, rising U.S. turkey meat imports exceeded declining chicken meat imports. Imports of turkey meat from the United States increased by 130 percent in 2001. The increase in imports from the U.S. reflected higher overall demand for frozen turkey for processing.

Chicken and Turkey Meat, Prices

Data comparing domestic wholesale prices of chicken and turkey meat versus imported products show that turkey meat imports likely grew due to lower prices for imported turkey meat. There is no such price advantage for imported chicken meat. These data only became available since December 2001.

Wholesale Prices of Chicken Quarters and Turkey Thighs (in zlotys per kilogram)

	Chicken quarters		Turkey thighs (boneless)	
	Domestic prod.	Imported	Domestic prod.	Imported
March 2002	3.80	4.00	7.90	6.80
Feb 2002	4.00	4.00	7.90	6.80
Jan 2002	n/a	n/a	n/a	n/a
Dec 2001	4.80	3.90	8.40	7.40

Exchange rate: \$1.00 = 4.11 zlotys (date of quote: 07/08/2002)

Source: Monthly Bulletin of the Council of Poultry Producers

Poultry Meat Policy

U.S. poultry meat will be barred entry when Poland fully institutes EU poultry meat import requirements unless the EU and the United States can resolve the on-going trade dispute over U.S. poultry meat access to the EU. Poland will rigidly implement EU requirements as early as six months prior to actual accession. This would mean that such restrictions could arise as early as July 2003 if it appears that the Polish government will be successful in its bid to join the EU by January 2004. Current indications are that Polish authorities may continue to permit transshipments of U.S. poultry meat to Eastern European markets following EU accession, although this is not yet fully confirmed.

There has been periodic domestic poultry producer opposition to poultry meat imports. This opposition blamed imports for declining Polish poultry meat prices even though imports account for five percent or less of total supplies. Further, protectionist elements also accused divergence of transshipments onto the domestic market as another reason for slumping prices. However, Poland has a strict control system to ensure transshipments exit the country. All government and trade sources indicate that such divergence rarely if ever occurs. Perhaps as a consequence of domestic producer pressures in conjunction with Poland's Feb. 2002 new veterinary law, the government has instituted higher transshipment Customs deposits as well as additional veterinary certificate Polish language requirements. These have hindered but not stopped transshipments.

All poultry meat imported into Poland must be accompanied by a health certificate issued by a government-approved veterinarian from the exporting country. For products sold in Poland and stored in the country for transshipment suppliers must also meet Poland's standards for storage conditions of poultry meat and validity of the products depending on conditions and temperature of storage. (See Gain Report #1002 on Polish Norms). Each box containing poultry meat must be labeled in Polish and should include the date of production expressed in numbers (not as a bar code), along with the name of the producer and the product's name.

In 2002, the import quota for non-EU poultry meat totals 47,736 tons. The within quota tariff rate is 30 percent (min. 0.3 EUR/kg) while the above quota tariff rate is 60 percent (min. 0.6 EUR/kg).

To qualify for within quota tariff rate, importers of poultry meat must obtain a permit from the Ministry of Agriculture for each contract. Multiple permits are often required as the Ministry of Agriculture issues permits for a maximum of 100 MT at one time. After documenting that the product has been sold, the importer may apply for another permit. Traders complain that this procedure is a major obstacle in importing poultry meat.

Other reports of interest:

- Gain Report #1002 "Polish Norms"
- Gain Report "Livestock and Products 2002"
- Gain Report #2012 "Impact of Outbreak of BSE on Beef Consumption and Exports"
- Gain Report #2010 "Grain & Feed Annual"
- Gain Report #2015 "Polish Wheat Exports Higher Than Anticipated"

II. Statistical tables

PSD, Poultry, Meat, Chicken - 16 weeks

PSD Table						
Country	Poland					
Commodity	Poultry, Meat, Broiler				(1000 MT)(MIL HEAD)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	6	6	7	0	11	0
Production	400	450	420	470	0	480
Whole, Imports	0	0	0	0	0	0
Parts, Imports	75	10	66	10	0	8
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	75	10	66	10	0	8
TOTAL SUPPLY	481	466	493	480	11	488
Whole, Exports	1	0	1	0	0	0
Parts, Exports	73	10	66	12	0	14
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	74	10	67	12	0	14
Human Consumption	400	456	415	468	0	474
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	400	456	415	468	0	474
TOTAL Use	474	466	482	480	0	488
Ending Stocks	7	0	11	0	0	0
TOTAL DISTRIBUTION	481	466	493	480	0	488
Calendar Yr. Imp. from U.S.	6	1	7	1	0	1

Import Trade Matrix, Chicken - 16 weeks

Import Trade Matrix			
Country	Poland		

Commodity	Poultry, Meat, Broiler		
Time period	Jan-Dec	Units:	tons
Imports for:	2000		2001
U.S.	6212	U.S.	2842
Others		Others	
Hungary	187	Hungary	58
The Netherlands	707	The Netherlands	4799
Denmark	320	Denmark	657
Canada	25	Canada	44
Italy	12	Italy	280
Germany	43	Germany	340
Ukraine	49	Great Britain	225
France	23	France	119
Belgium	17	Belgium	375
Dzibuti	20	Ireland	306
Total for Others	1403		7203
Others not Listed	0		195
Grand Total	7615		10240

Export Trade Matrix, Chicken - 16 weeks

Export Trade Matrix			
Country	Poland		

Commodity	Poultry, Meat, Broiler		
Time period	Jan-Dec	Units:	tons
Exports for:	2000		2001
U.S.		U.S.	
Others		Others	
Germany	2701	Germany	3884
Russia	756	Russia	1181
France	1936	France	2036
Belarus	14	Belarus	439
Ukraine	725	Ukraine	174
Moldavia	38	Moldavia	94
Azerbaijan	660	Latvia	146
Hungary	217	Italy	350
Great Britain	52	The Netherlands	424
Romania	139	Romania	246
Total for Others	7238		8974
Others not Listed	100		648
Grand Total	7338		9622

Retail Price of Chicken Broilers

Prices Table			
Country	Poland		

Commodity	Poultry, Meat, Broiler		
Prices in	zlotys	per uom	kilogram of dressed chicken
Year	2001	2002	% Change
Jan	6.64	4.52	-31.93%
Feb	6.28	4.77	-24.04%
Mar	6	4.81	-19.83%
Apr	6.06	4.92	-18.81%
May	6.02		-100.00%
Jun	6.17		-100.00%
Jul	6.5		-100.00%
Aug	6.26		-100.00%
Sep	5.89		-100.00%
Oct	5.1		-100.00%
Nov	5.01		-100.00%
Dec	4.88		-100.00%
Exchange Rate	4	Local currency/US \$	

PSD, Poultry, Meat, Turkey

PSD Table						
Country	Poland					
Commodity	Poultry, Meat, Turkey				(1000 MT)(MIL HEAD)	
	Revised	2001	Preliminary	2002	Forecast	2003

	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	4	4	10	0	12	0
Production	105	150	115	165	0	165
Whole, Imports	0	0	0	0	0	0
Parts, Imports	5	13	5	10	0	10
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	5	13	5	10	0	10
TOTAL SUPPLY	114	167	130	175	12	175
Whole, Exports	0	0	0	0	0	0
Parts, Exports	9	11	8	12	0	13
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	9	11	8	12	0	13
Human Consumption	95	156	110	163	0	162
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	95	156	110	163	0	162
TOTAL Use	104	167	118	175	0	175
Ending Stocks	10	0	12	0	0	0
TOTAL DISTRIBUTION	114	167	130	175	0	175
Calendar Yr. Imp. from U.S.	2	5	2	4	0	3

Import Trade Matrix, Meat, Turkey

Import Trade Matrix			
Country	Poland		
Commodity	Poultry, Meat, Turkey		
Time period	Jan-Dec	Units:	tons

Imports for:	2000		2001
U.S.	2049	U.S.	4691
Others		Others	
Canada	1215	Canada	1397
Hungary	499	Hungary	96
Italy	310	Italy	1626
Germany	100	Germany	147
France	659	France	1441
The Netherlands	155	The Netherlands	183
Great Britain	696	Great Britain	2889
Belgium	100	Spain	36
Denmark	20	Denmark	508
Byelorussia	19	Ireland	20
Total for Others	3773		8343
Others not Listed	0		7
Grand Total	5822		13041

Export Trade Matrix, Meat, Turkey

Export Trade Matrix			
Country	Poland		
Commodity	Poultry, Meat, Turkey		
Time period	Jan-Dec	Units:	tons
Exports for:	2000		2001

U.S.		U.S.	
Others		Others	
Russia	2319	Russia	1226
Belarus	1185	Belarus	742
Germany	3979	Germany	8451
Italy	906	Italy	145
Ukraine	28	Ukraine	37
Estonia	30	Estonia	21
Great Britain	217	Great Britain	36
Slovak Republic	57	The Netherlands	178
Switzerland	111	France	163
Austria	138	Austria	121
Total for Others	8970		11120
Others not Listed	414		163
Grand Total	9384		11283